



Leading Through

AMBITION + DISCIPLINE

Abu Dhabi Commercial Bank PJSC

Q1'18 Investor presentation

May 2018



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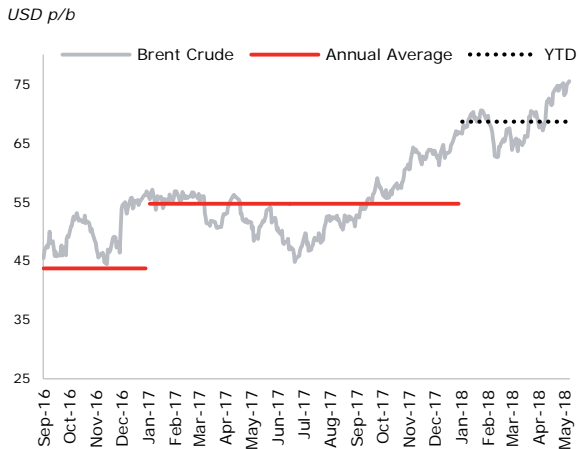
Table of contents

Section 1	Macro overview	4
Section 2	Business overview	9
Section 3	Financial highlights	15
Section 4	Our journey	32
Appendix		37

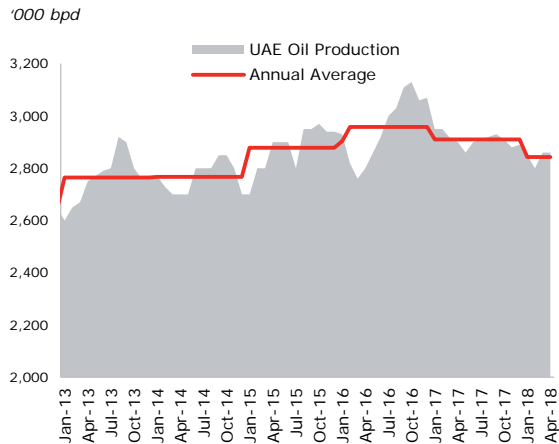
Macro overview

Non-oil activity strengthening

Oil revenues to increase with higher oil prices, average oil production moderately weaker in 4M2018

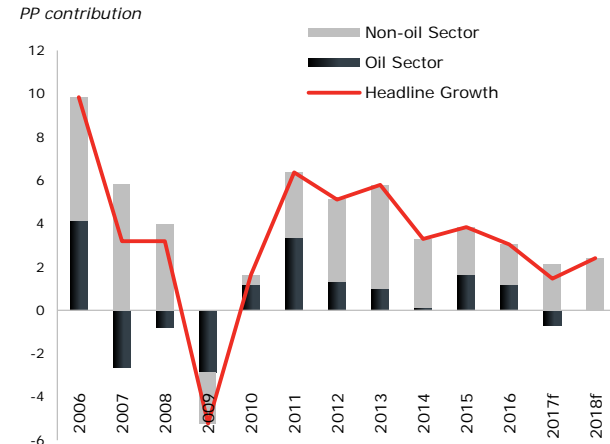


Source: Bloomberg, ADCB estimates



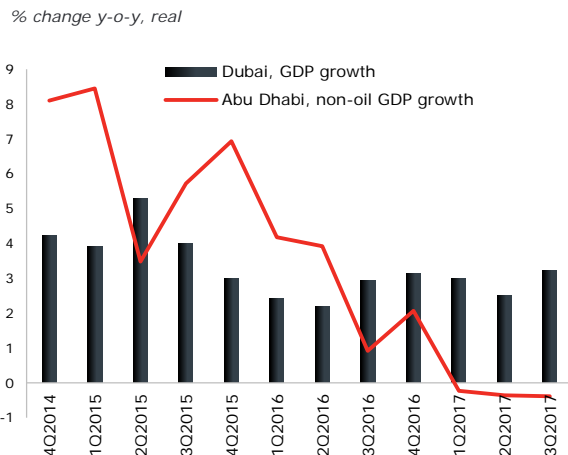
Source: Bloomberg

Real GDP growth to strengthen gradually in 2018



Source: UAE National Bureau of Statistics, ADCB estimates

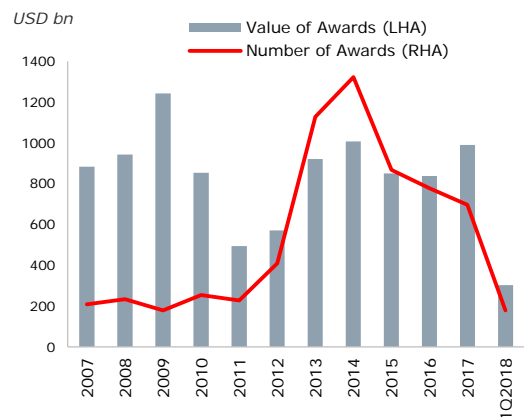
Variations in GDP growth by Emirate



Source: Statistics Centre Abu Dhabi, Dubai Statistics Centre

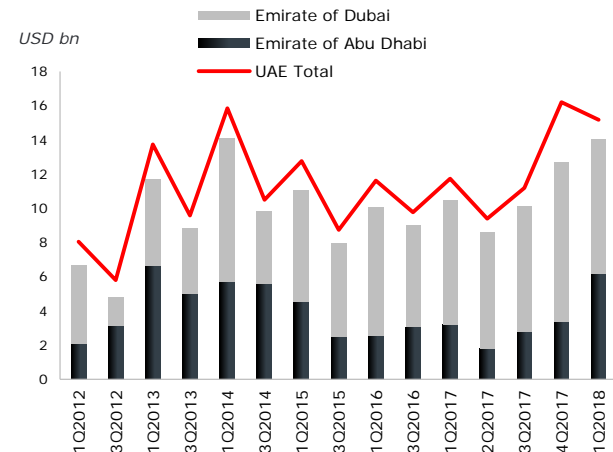
Value of project awards strong in 2017 + Q1'18

2017 project awards to support investment activity in 2018



Source: Meed projects, ADCB estimates

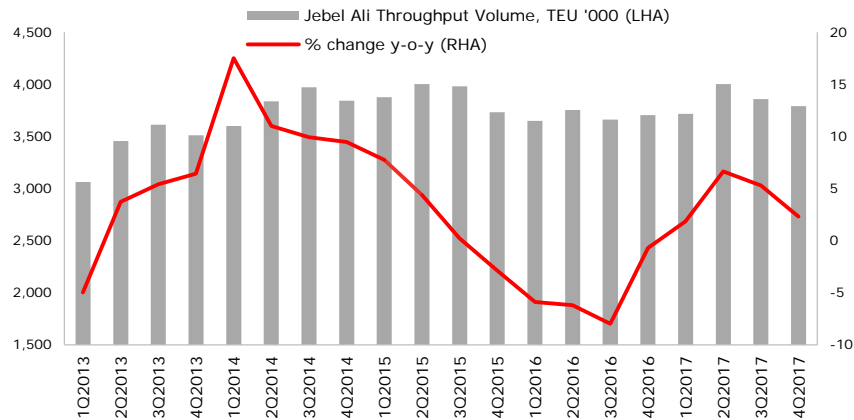
Abu Dhabi and Dubai saw solid awards in Q1'18



Source: Meed projects, ADCB estimates

External sectors supporting recovery

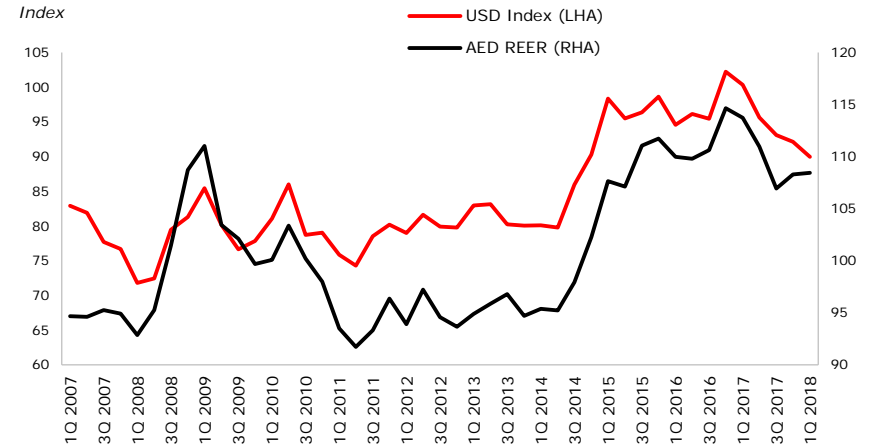
Pickup in global trade supporting Jebel Ali volumes



* TEU: Twenty-foot equivalent units

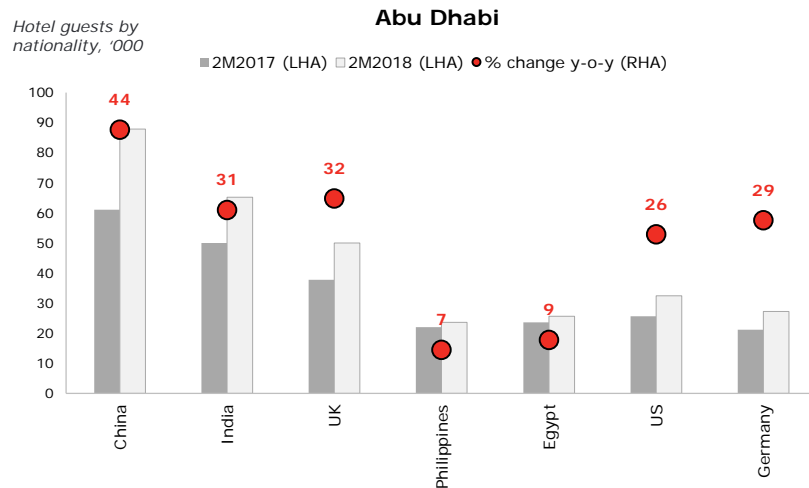
Source: DP World

The weakening of the USD positive for UAE's external competitiveness

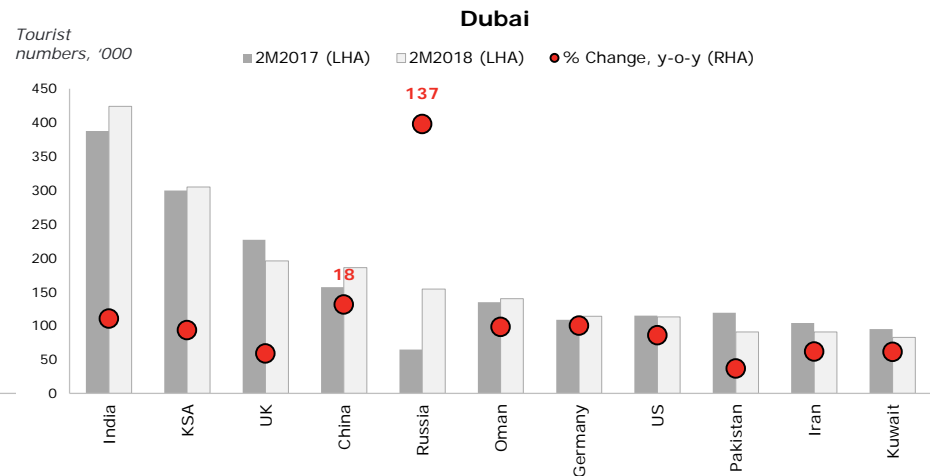


Source: BIS, Bloomberg

Strong growth in tourist numbers, supported by visa liberalization and weaker USD



Source: Abu Dhabi Tourism and Culture Authority, ADCB calculations

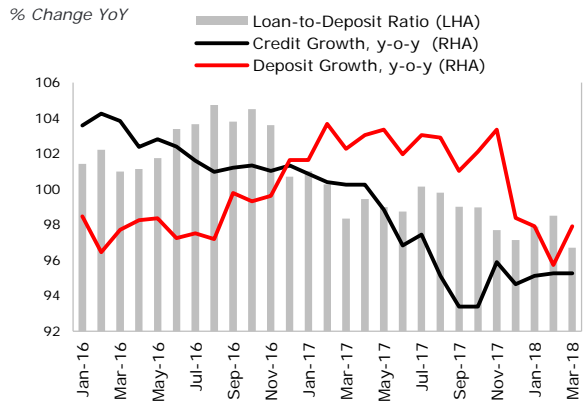


Source: Dubai Department of Tourism and Commerce Marketing, ADCB calculations

Banking sector overview

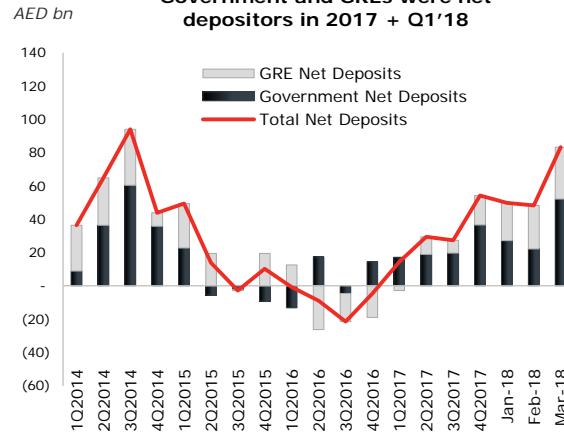
Banking sector liquidity remains comfortable

Deposit growth stronger than credit growth



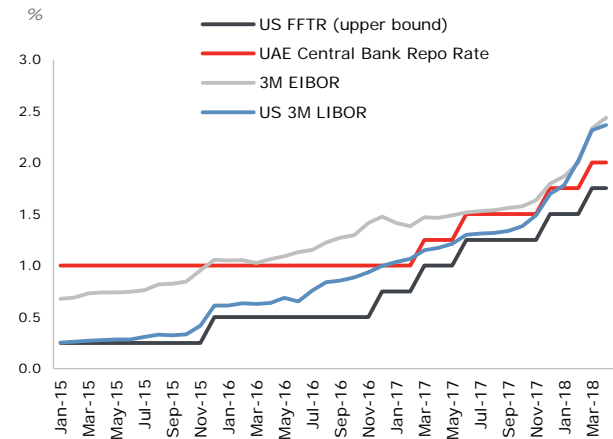
Source: Central Bank of the UAE

Government and GREs were net depositors in 2017 + Q1'18



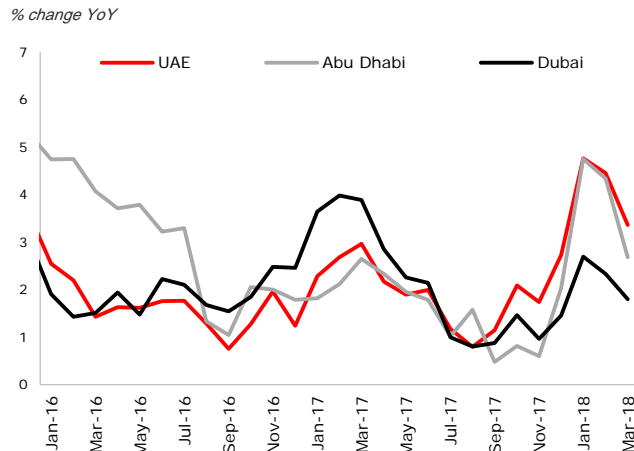
Source: Central Bank of the UAE, ADCB calculations

Eibor rising with strengthening in Libor



Source: Central Bank of the UAE, Bloomberg

Inflation accelerates in 2018 with VAT introduction



Source: UAE National Bureau of Statistics

Economic indicators

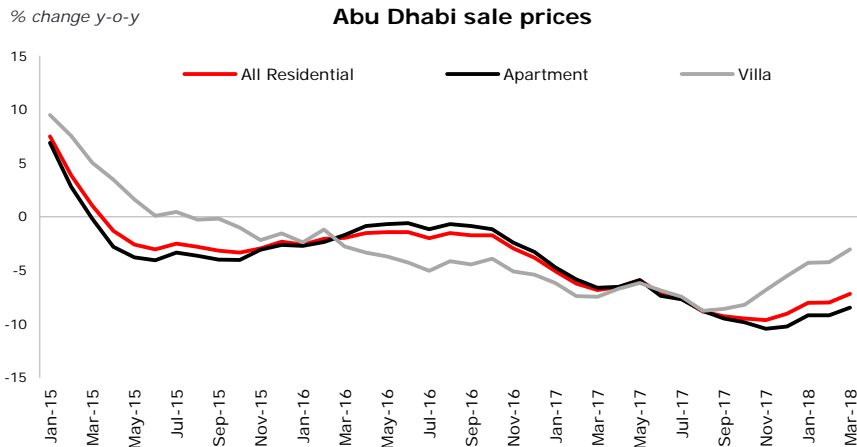
UAE	2013	2014	2015	2016	2017f	2018f
Average Brent Crude Spot Price, USD p/b	108.8	99.5	52.3	43.7	54.7	64.8
Average Oil Production, mn bpd	2.76	2.77	2.9	2.96	2.91	2.87
GDP at Current Market Prices, USD bn	390.7	403.5	358.2	349	369.0	398.8
Real GDP Growth Rate, %	5.8	3.3	3.8	3	1.2	1.6
Real Non-Oil GDP Growth Rate, %	7	4.6	3.2	2.7	2.6	2.9
CPI Inflation, % average	1.1	2.3	4.1	1.7	2.0	3.4
Budget Balance, USD bn	40.4	7.7	(12.1)	(15)	(5)	3.4
Budget Balance, % of GDP	10.3	1.9	(3.4)	(4.3)	(1.4)	0.9
Trade Balance, USD billion	141	108.4	76.6	65	76.1	86.4
Current Account, % of GDP	19.0	13.3	4.7	2.4	4.3	5.6
Growth in Credit to the Private Sector, %	4.2	8.0	7.7	6.0	1.7	2.5

■ Inclusive of VAT impact

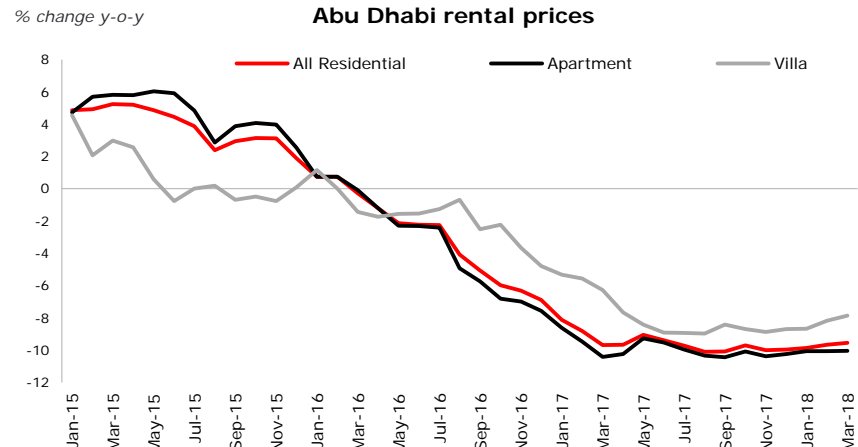
Source: UAE National Bureau of Statistics, UAE Central Bank, IMF, ADCB estimates

UAE property overview

Abu Dhabi contraction in rental and sale prices

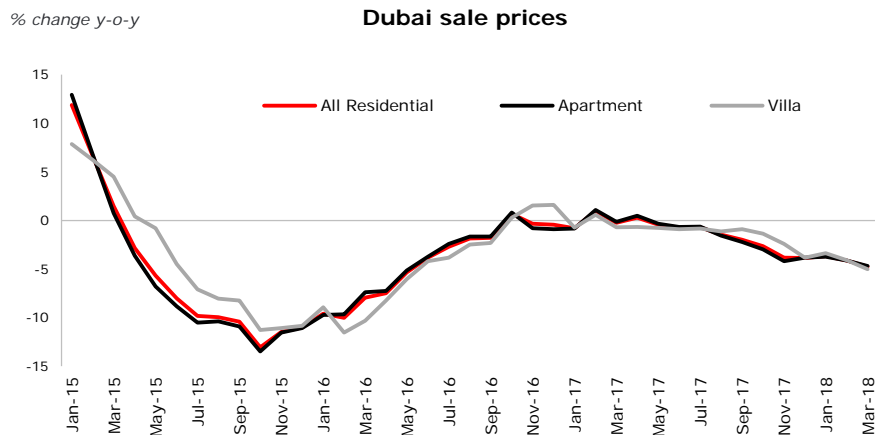


Source: Reidin, ADCB calculations

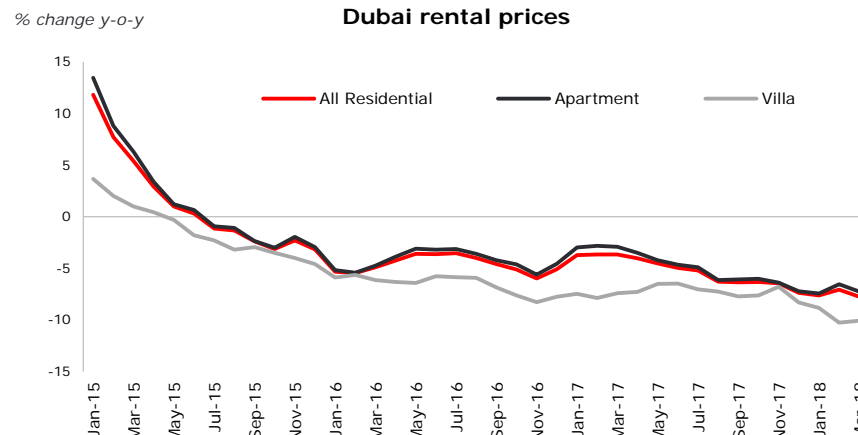


Source: Reidin, ADCB calculations

Falls in Dubai property sale prices more in 2017, than drop in rental prices



Source: Reidin, ADCB calculations



Source: Reidin, ADCB calculations

Business overview

ADCB franchise

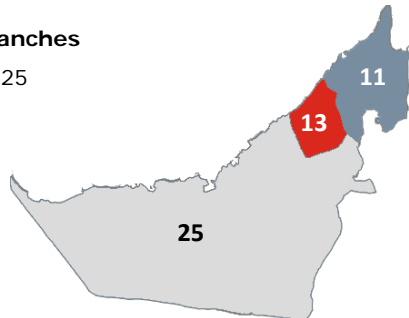
Branch network ¹

Domestic branches

- Abu Dhabi: 25
- Dubai: 13
- Others: 11

Total²: 49

ATMs: 358

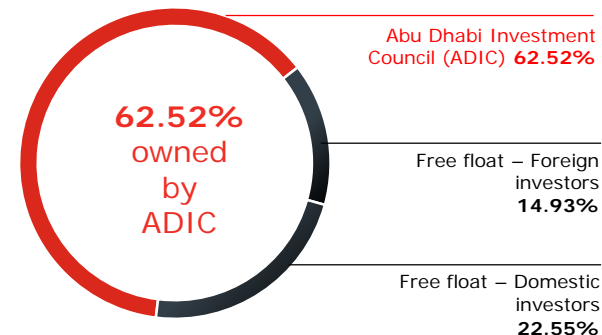


International presence:

- Representative office in London and a Jersey Branch
- 2 branches in India
- Representative office in Singapore

¹ As at 31 March 2018
² Excludes 1 pay office

Ownership structure



Market cap: AED 34 billion (31 March 2018)

Ratings re-affirmed in 2017

S&P

A/A-1/Stable

Fitch

A+/F1/Stable

Market share by loans and deposits ¹



¹ Source: UAE Central Bank as at 31 March 2018

* Total loans and advances, net of impairment allowances

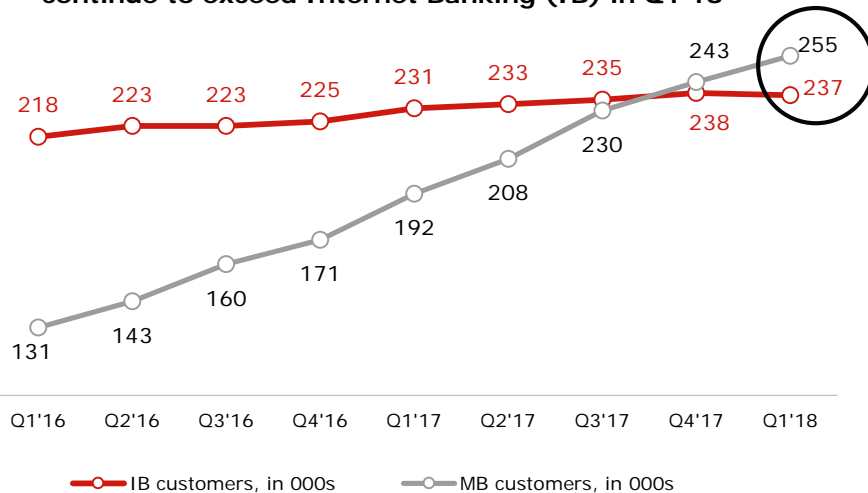
Core strengths

Highlights

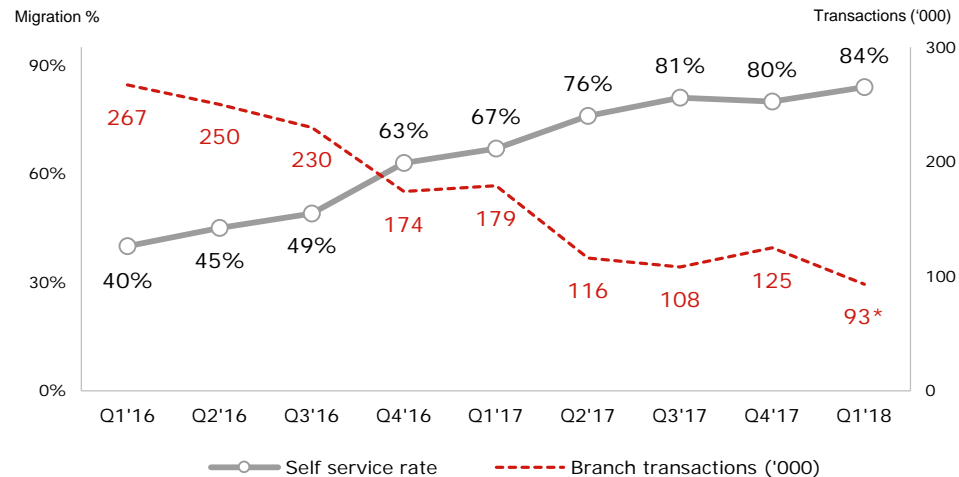
- ▶ Remain UAE centric and well positioned to benefit from the long-term growth prospects of the UAE economy
- ▶ Supportive principal shareholder, Abu Dhabi Investment Council owns 62.52% of the issued share capital
- ▶ Strong domestic franchise, with a well known brand offering world class products and services
- ▶ Well capitalised and liquid; solid foundation to comply with the evolving regulatory requirements
- ▶ Strong risk management culture
- ▶ Experienced and stable management team with a wealth of experience in international and regional institutions

Continued investment in digitisation to enhance customer service and to drive greater efficiencies

Customers transacting through Mobile Banking (MB) continue to exceed Internet Banking (IB) in Q1'18



Substantial increase in self-service rates in Wholesale Banking

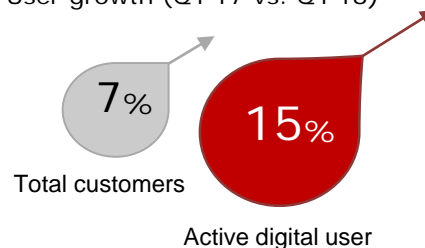


Highlights

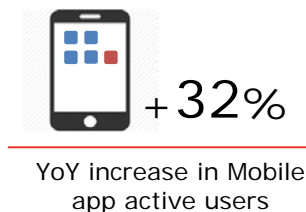
- ▶ Upgrading of core banking platform gives the Bank a solid foundation for further development of digital solutions to enhance customer experience
- ▶ 96% of retail financial transactions completed electronically
- ▶ Digital transaction volumes grew by 29% over Q1'17 fueled by 15% growth in digital users year on year
- ▶ Active migration of Wholesale Banking from physical to electronic banking, in just two years self service rates have doubled from 40% to over 80%
- ▶ A uBank center was opened in City Walk Dubai in 2018, taking the total number to 3 in line with our strategy of promoting digital and paperless banking

Digital users outpaced total customer growth

User growth (Q1'17 vs. Q1'18)



Transaction split



Leading Through Customer Centricity

Award winning cash management platform



In 2017 based on client feedback, Euromoney named ADCB a 'Five Star Cash Manager' and 'Best Bank for Transaction Services' in the Middle East

Our cash management platform helps us to drive strong growth in CASA deposits

Improving Net Promoter Score (NPS)

NPS is conducted annually to measure overall customer experience

According to leading consultants, an increase of five point's year on year is widely regarded as a significant achievement

FFL NPS	Change in NPS Q1'17 vs Q1'18
Credit Card experience	+12
Branch experience	+11
Corporate Loans	+15
Corporate Relationship Manager	+13
Commercial Loans	+14
Corporate Service Requests	+6
Customer Care	+6

Strong brand recognition

Recognized Number 1 "Financial Services Brand" in the UAE

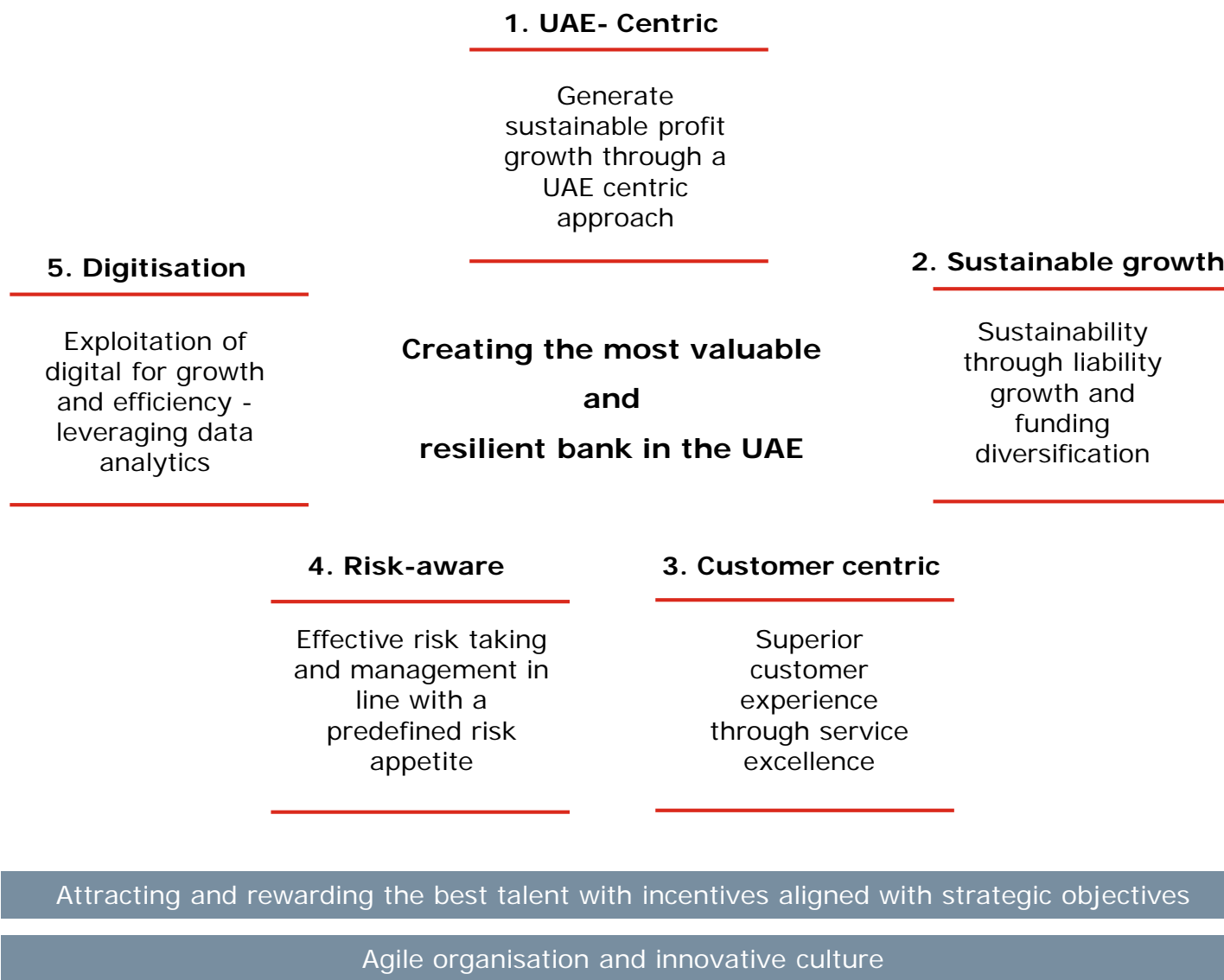
Brands	Quotient
بنك أبوظبي التجاري ADCB	40.5

Source: MBLM Brand Intimacy Report 2018



ADCB Securities featured as the Retail Broker of the month at Nasdaq Tower at Times Square, New York

Sharp focus on serving the UAE
Our strategic pillars are refined to reflect changing market conditions



Financial highlights

Balance sheet highlights

Balance sheet (AED million)	Mar'18	Dec'17	Mar'17	Change %	
				QoQ	YoY
Total assets	266,649	265,003	263,672	1	1
Net loans and advances to customers	162,824	163,282	159,802	0	2
Investment securities	47,499	49,192	40,958	(3)	16
Deposits from customers	166,881	163,078	162,362	2	3
Borrowings (including ECP)	44,650	43,465	46,361	3	(4)
Total equity	29,712	32,445	29,539	(8)	1

Figures may not add up due to rounding differences

Highlights (YTD comparison)

- ▶ Total assets grew 1% to AED 267 billion, deposits and balances due from banks increased by AED 6.3 billion to AED 18 billion, whilst investment securities decreased by AED 1.7 billion to AED 47 billion, mainly driven by a decrease in government bonds
- ▶ Net loans to customers remained unchanged at AED 163 billion on account of significant repayments, despite healthy volumes in both Consumer and Wholesale Banking
- ▶ Customer deposits increased by 2% to AED 167 billion, CASA/total customer deposits maintained at 44%
- ▶ Loan to deposit ratio improved to 97.6% from 100.1% as at 31 December 2017
- ▶ Total equity of AED 30 billion was 8% lower, mainly on account of a dividend pay-out of AED 2.2 billion and an IFRS 9 impact of AED 1.36 billion

Income statement highlights

Income statement (AED million)	Q1'18	Q4'17	Q1'17	Change %	
				QoQ	YoY
Total net interest and Islamic financing income	1,828	1,718	1,631	6	12
Non - interest income	526	592	598	(11)	(12)
Operating income	2,354	2,311	2,229	2	6
Operating expenses	(770)	(800)	(740)	(4)	4
Operating profit before impairment allowance	1,584	1,511	1,489	5	6
Impairment allowances	(380)	(441)	(386)	(14)	(2)
Net profit for the period	1,207	1,072	1,105	13	9

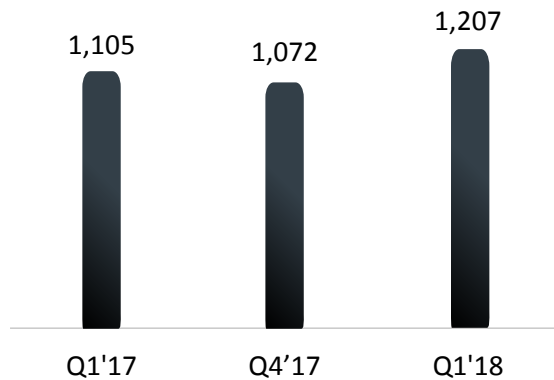
Figures may not add up due to rounding differences

Highlights (Q1'18 vs. Q1'17)

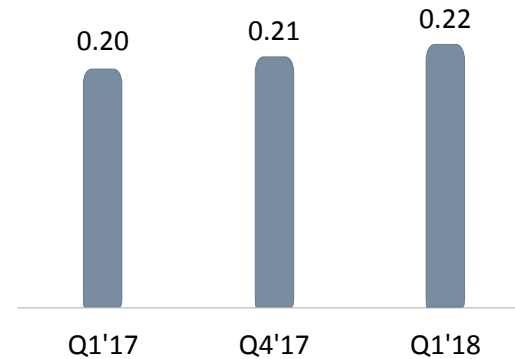
- ▶ Net profit increased 9% to AED 1.207 billion, driven by higher margins, a well managed funding mix and a disciplined cost base
- ▶ Total net interest income and Islamic financing income increased 12% to AED 1.828 billion, on account of higher benchmark rates, increasing volumes and higher interest in suspense reversals
- ▶ Non-interest income declined 12% to AED 526 million, due to lower trading income and lower net fees and commission income
- ▶ Operating expenses increased 4% to AED 770 million, cost to income ratio of 32.7% compared to 33.2% for Q1'17
- ▶ Net impairment allowance of AED 380 million improved 2%, whilst gross impairment allowance of AED 431 million improved 15%, on account of higher releases recorded in the current quarter

Stable key performance indicators and market share

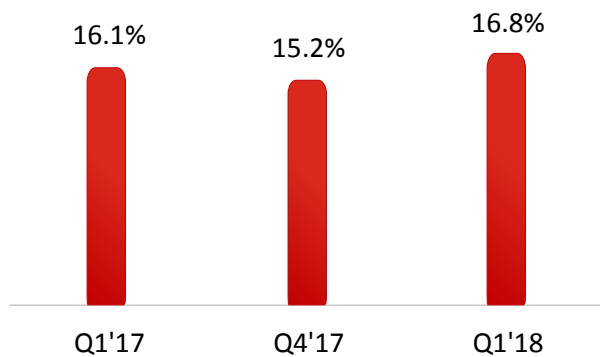
Net profit (AED million)



Earnings per share (AED)

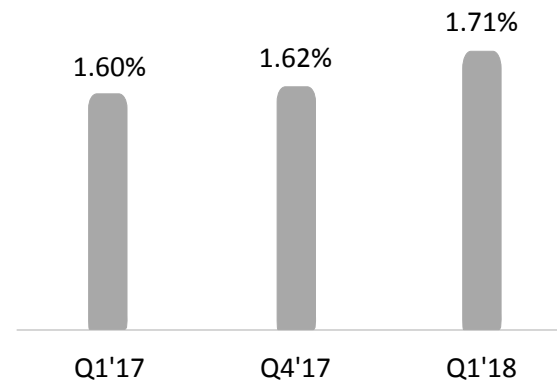


Return on average equity (%)



Q1'18 average equity: AED 27.0 billion
 Q1'17 average equity: AED 25.9 billion } +4%
 AED 1.1 billion

Return on average assets (%)



Q1'18 average assets: AED 265.7 billion
 Q1'17 average assets: AED 260.9 billion } +2%
 AED 4.8 billion

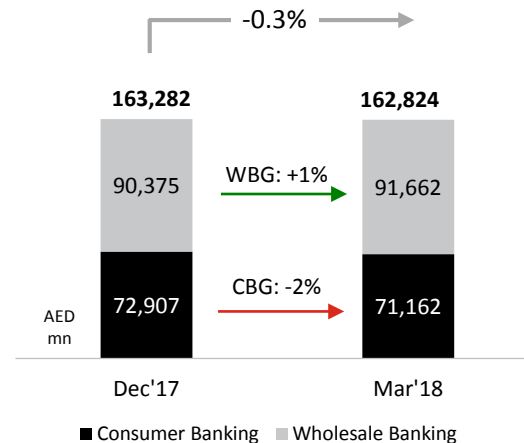
Balance sheet metrics

Stable loan growth on account of significant repayments De-risking of the unsecured Consumer loan portfolio

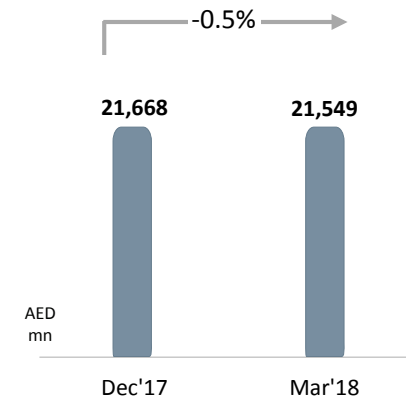
Highlights (YTD Comparison)

- ▶ Net loans to customers remained unchanged at AED 163 billion. YTD UAE banking industry average growth was 1.05%
- ▶ Gross loans increased by 0.4% (AED 705 million) to AED 170 billion
- ▶ WBG loan growth led by the Corporate segment
- ▶ CBG loan growth focused on growing the secured loan book, with a re-focus on the UAE National segment, whilst de-risking of the unsecured loan portfolio continues

Net loans

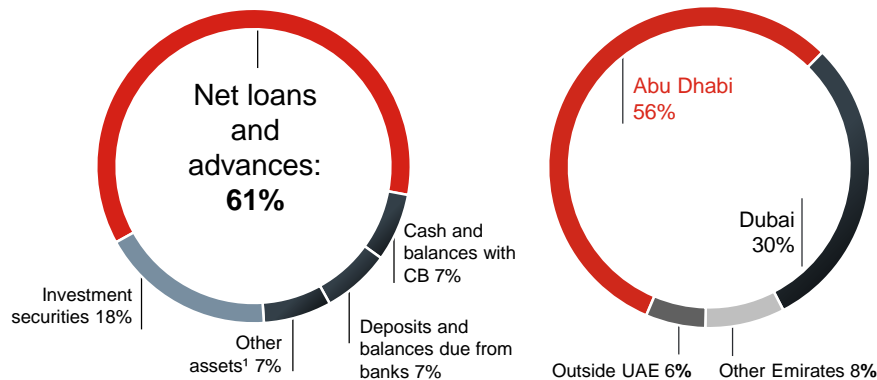


Net Islamic financing assets



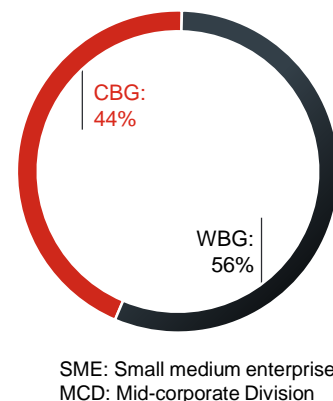
Resilient balance sheet Composition of assets

Total assets: AED 266,649 million



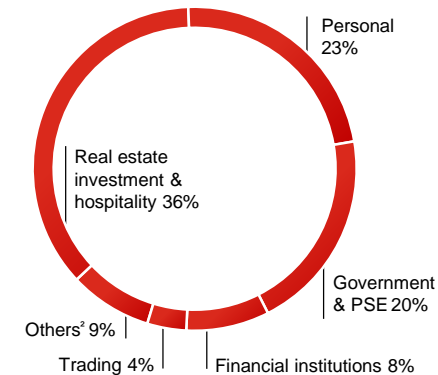
Portfolio exposure geared to Abu Dhabi and Dubai

Well diversified by business segment, with focus on Retail, SME and MCD



Loans well-diversified by economic sector

Gross loans: AED 169,894 million



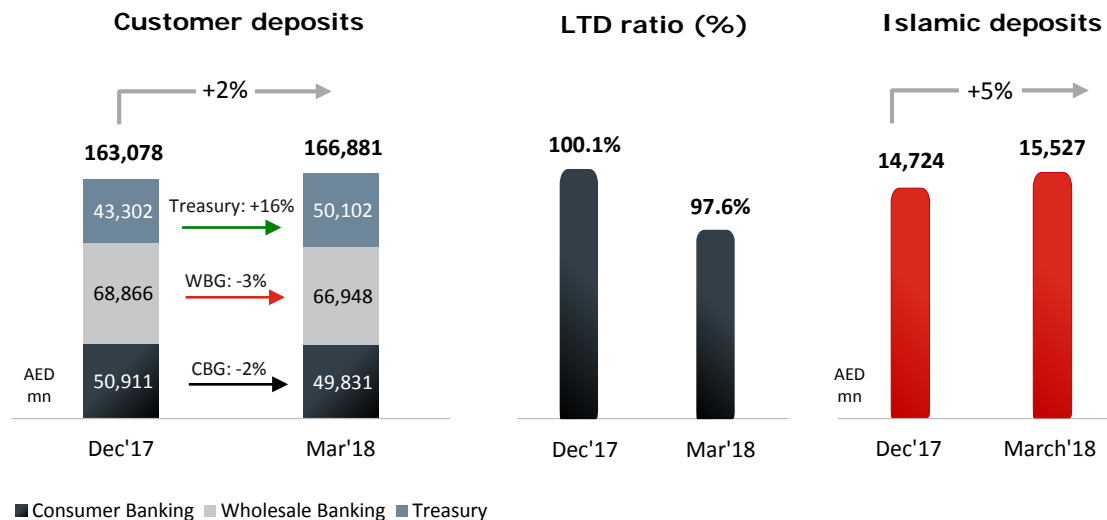
¹ Other assets include: Derivative financial instruments, Investments in associate, Investment properties, Property and equipment (net), Intangible assets, Reverse repo placements and Trading securities and Other assets

² Others include: Agriculture, Energy, Transport, Manufacturing, Services and others

Customer deposit growth outpaced loan growth, resulting in an improved LTD ratio Continued focus on gathering CASA deposits

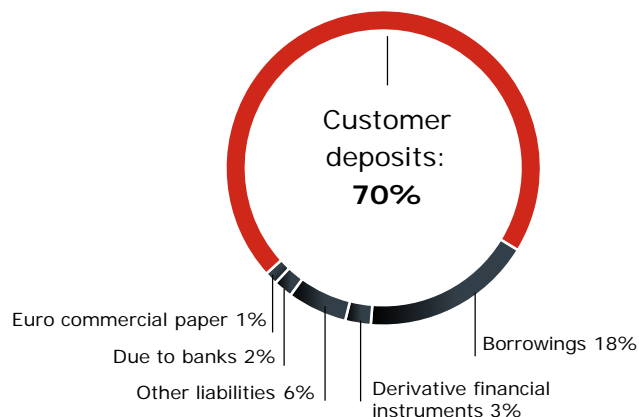
Highlights (YTD Comparison)

- ▶ Deposits from customers increased 2.3% to AED 167 billion. YTD UAE banking industry average growth was 2.2%
- ▶ Contraction in CBG and WBG deposits due to the retirement of expensive fixed deposits, partially offset by higher CASA deposits and an increase in treasury deposits
- ▶ CASA deposits increased by AED 2 billion to AED 73 billion and comprised 43.6% of total customer deposits
- ▶ Islamic deposits increased 5% to AED 16 billion, primarily attributable to increase in CASA and Wakala deposits



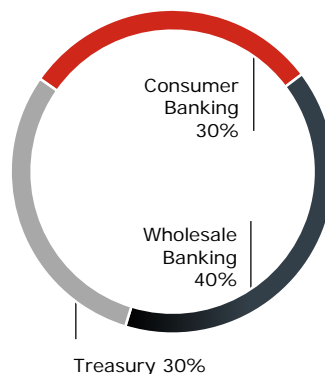
Diversified liability base, with increasing customer deposits

Total liabilities: AED 236,937 million



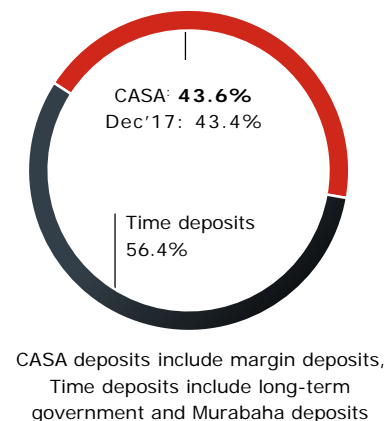
Customer deposits well diversified by business segment

Customer deposits: AED 166,881 million



Growing CASA balances, and increasing CASA%

CASA deposits: AED 72,748 million



Investment securities, 99% of total portfolio invested in bonds

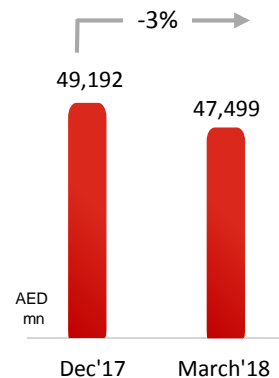
Highlights

- ▶ Investment securities of AED 47,499 million
- ▶ Average residual life of the investment securities portfolio is 3.2 years
- ▶ 67% invested in the UAE and other GCC countries

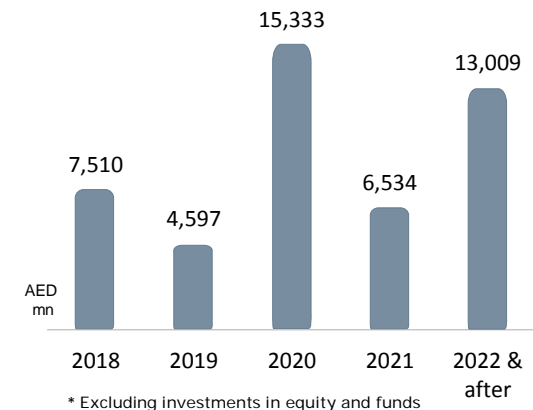
Bond portfolio summary (Excluding equity instruments and mutual funds)

- ▶ 59% of the portfolio is invested in Government securities
- ▶ Non Government bond portfolio – 41% of total portfolio
 - Rated A- or better: 62%
 - Rated BBB+ to BBB- : 32%
 - Rated BB+ and below including unrated: 6%

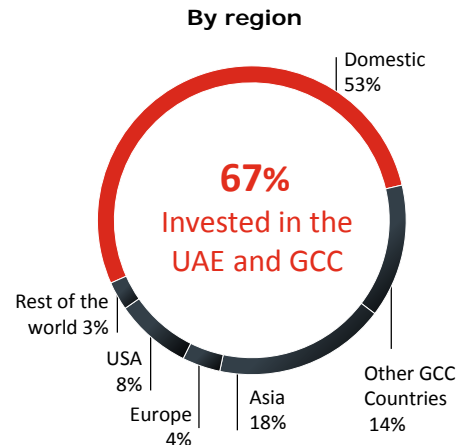
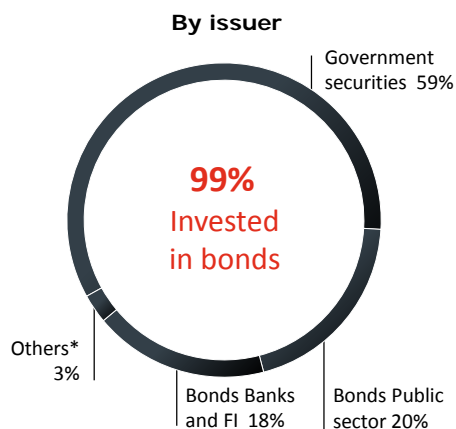
Investment securities



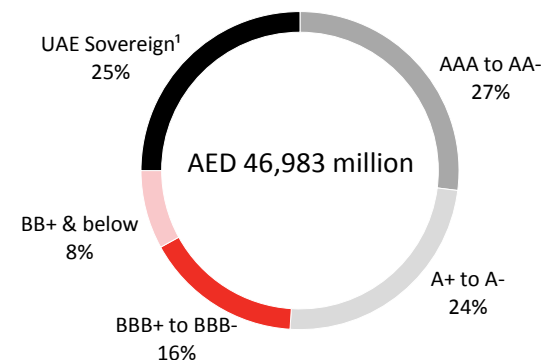
Maturity profile*



High quality investment portfolio mainly invested in government securities in the UAE



Total bond portfolio - Credit ratings as at 31 March 2018 (S&P or equivalent of Fitch or Moody's)

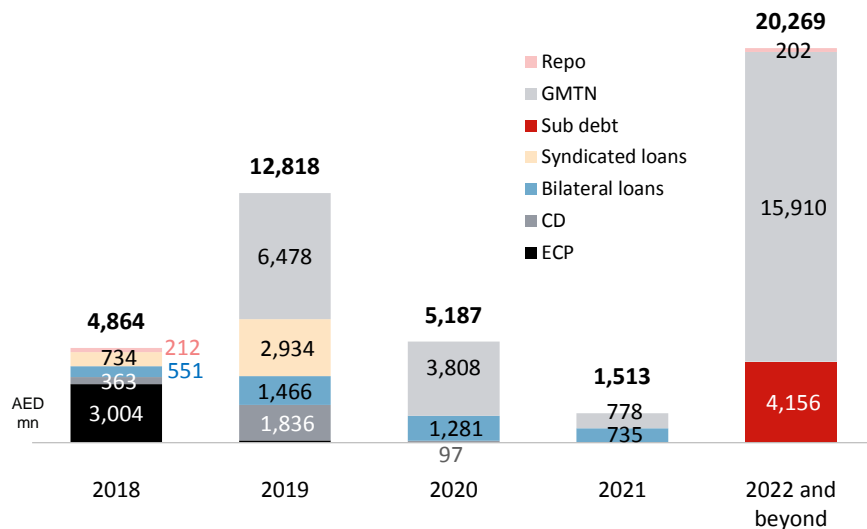


* Include corporate bonds, equity instruments and mutual funds

¹ UAE Sovereign internal rating mainly in Grade 2 and maps to external rating between AA to A

Wholesale funding and maturity profile Diversified sources of funding by markets, tenors, currencies and products

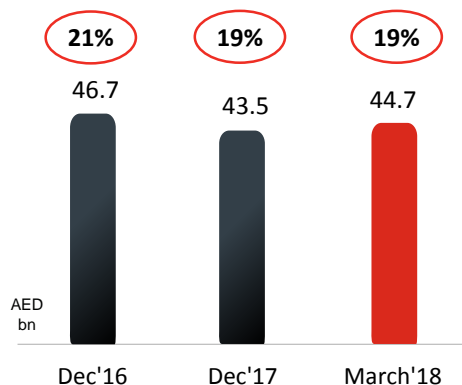
Maturity profile as at 31 March 2018



Wholesale funding split as at 31 March 2018

Source of funds	AED million
Global medium term notes (GMTN)	26,973
Subordinated debt	4,156
Euro Commercial paper	3,108
Repurchase agreements	415
Bilateral loans	4,033
Syndicated loans	3,669
Certificate of Deposits	2,297
Total	44,651

Wholesale funding including Euro commercial paper



○ Wholesale funding as a % of total liabilities

Net lender of
AED 11 billion*
in the interbank
markets

(As at 31 March 2018)

* Includes AED 3.7 billion of certificate of deposits with central banks

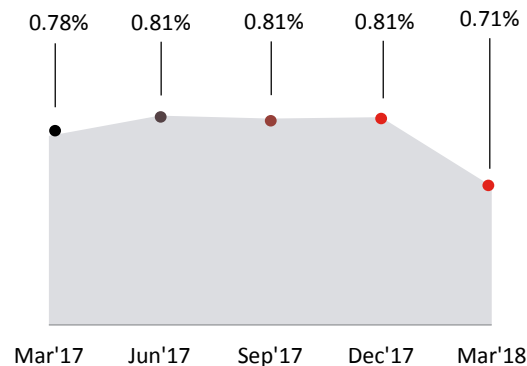
In March 2018, the Bank successfully launched and priced a USD 750 million RegS/144A compliant bond offering, marking the Bank's first USD public debt issuance since 2015 and first US 144A compliant market issuance since 2009

Successful transition to IFRS 9 accounting standard

Highlights

- ▶ Cost of risk improved to 0.71% from 0.81% as at 31 December 2017
- ▶ Net impairment charge of AED 380 million was 2% lower compared to Q1'17
- ▶ Non-performing loans and provision coverage ratios of 2.2% and 179.7%
- ▶ Stage 1 and 2 expected credit loss allowances were 2.88% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank

Cost of risk

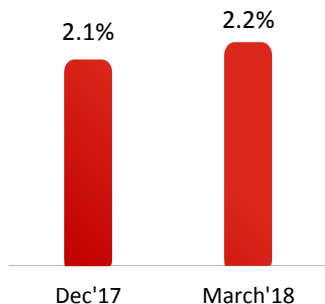


Cost of risk: Total provisions including investments/average loans & advances and investments

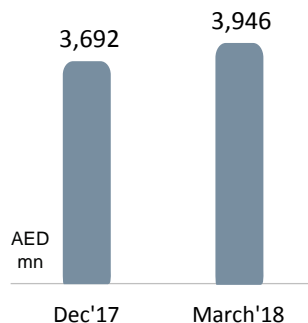
Impairment allowance of AED 7.6 billion by product



Non-performing loan ratio

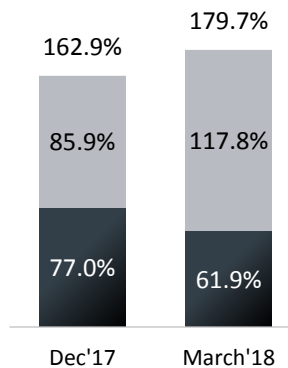


Non-performing loans¹



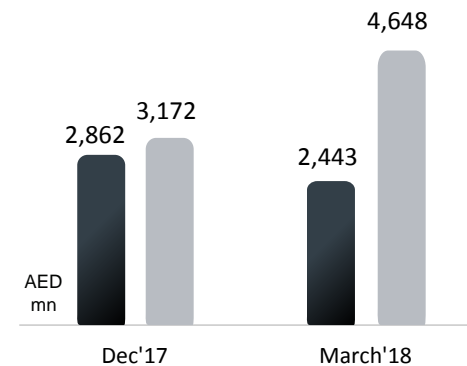
¹ Includes past due and impaired loans

Provision coverage ratio



■ Stage 3 (Individual impairment)
■ Stage 1 and 2 (Collective impairment)

Impairment allowances*



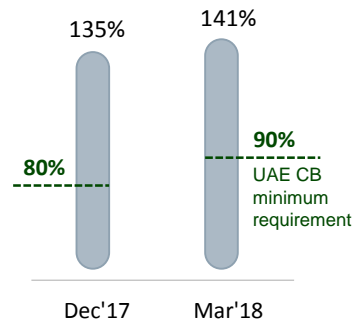
■ Stage 3 (Individual impairment) ■ Stage 1 and 2 (Collective impairment)
* Includes impairment allowances to banks

Robust capital ratios and comfortable liquidity levels

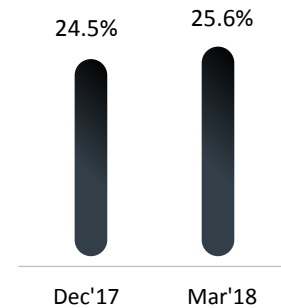
Highlights

- ▶ Capital adequacy ratio of 17.48% and common equity tier 1 (CET1) ratio of 12.37% remained well above the UAE Central Bank minimum capital requirements of 12.75% and 9.25% (including buffers), post dividend pay-out of AED 2.2 billion and IFRS 9 adjustment of AED 1.36 billion
- ▶ Liquidity coverage ratio (LCR) of 141% compared to a minimum ratio of 90% prescribed by the UAE Central Bank
- ▶ Liquidity ratio of 25.6% compared to 24.5% as at 31 December 2017, on account of AED 6.3 billion increase in deposits and balances due from banks

Liquidity coverage ratio

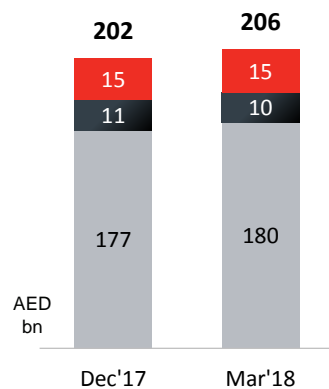


Liquidity ratio



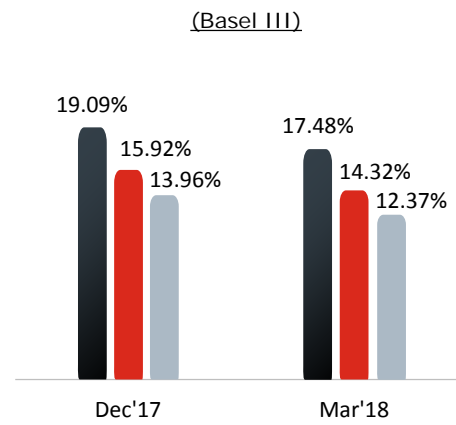
Liquidity ratio: Liquid assets*/total assets

Risk weighted assets



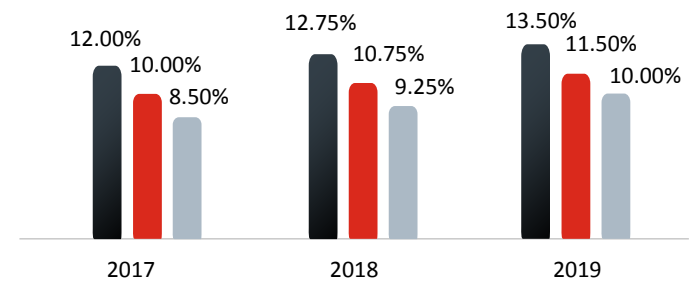
█ Credit risk █ Market risk
█ Operational risk

Capital adequacy ratio



█ CAR █ Tier I capital ratio █ Common equity tier I ratio (CET I)

UAE Central Bank Minimum Capital Requirement (Basel III - Including buffers)



* Liquid assets include: Cash and balances with Central Banks, Deposits and balances due from banks, Reverse repo placements, Trading securities, and Quoted investment securities

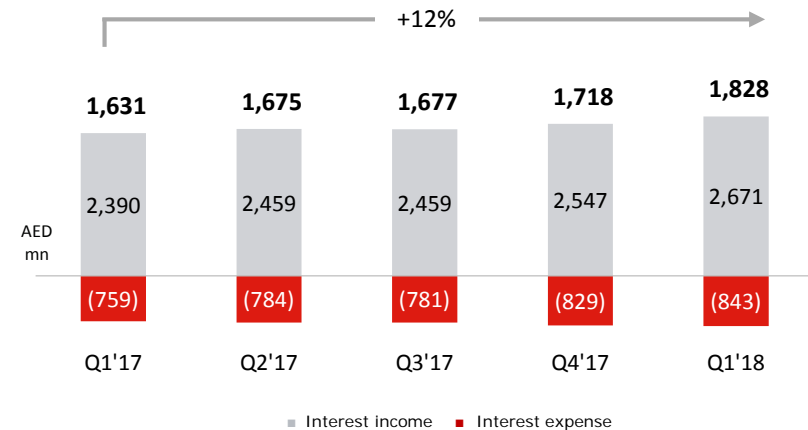
Income statement metrics

Strong top line growth driven by improved margins and well managed cost of funds

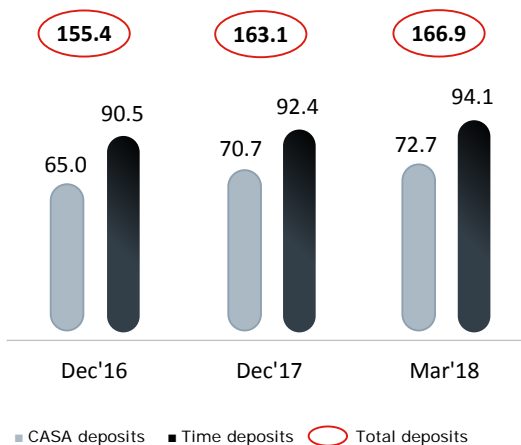
Highlights (Q1'18 vs. Q1'17)

- ▶ Net interest margin improved to 3.19% from 2.86% in Q1'17, an increase of 33 basis points, mainly on account of:
 - Rising benchmark rates
 - Increased volumes and change in asset mix towards higher yielding assets (reduction in interbank placements and increase in investment securities)
 - Higher interest in suspense reversals
- ▶ Cost of funds at 1.59% compared to 1.45% in Q1'17, an increase of 14 bps compared to 54 bps increase in 3M average Eibor and 84 bps increase in 3M average Libor over the same period
- ▶ Rising CASA balances continue to support cost of funds

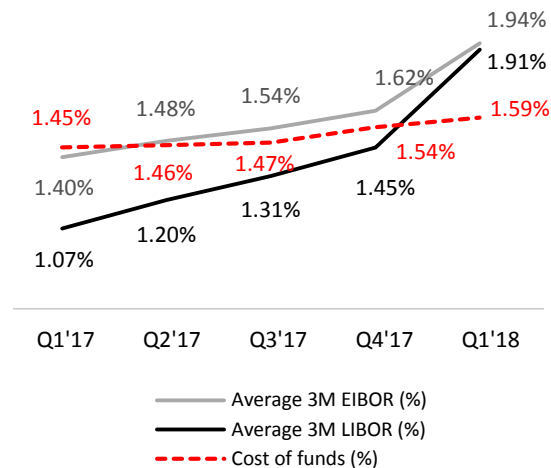
Net interest income



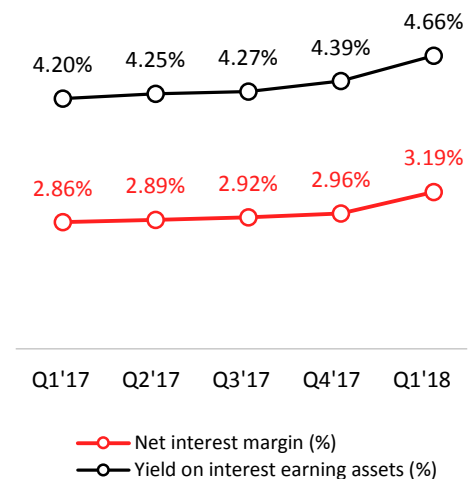
CASA and time deposits (AED billion)



Cost of funds



Net interest margin and asset yields

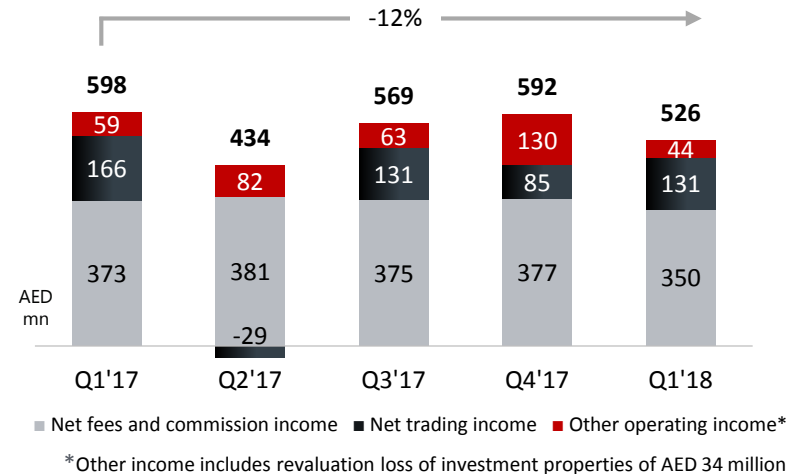


Continued focus on growing non-lending fee income

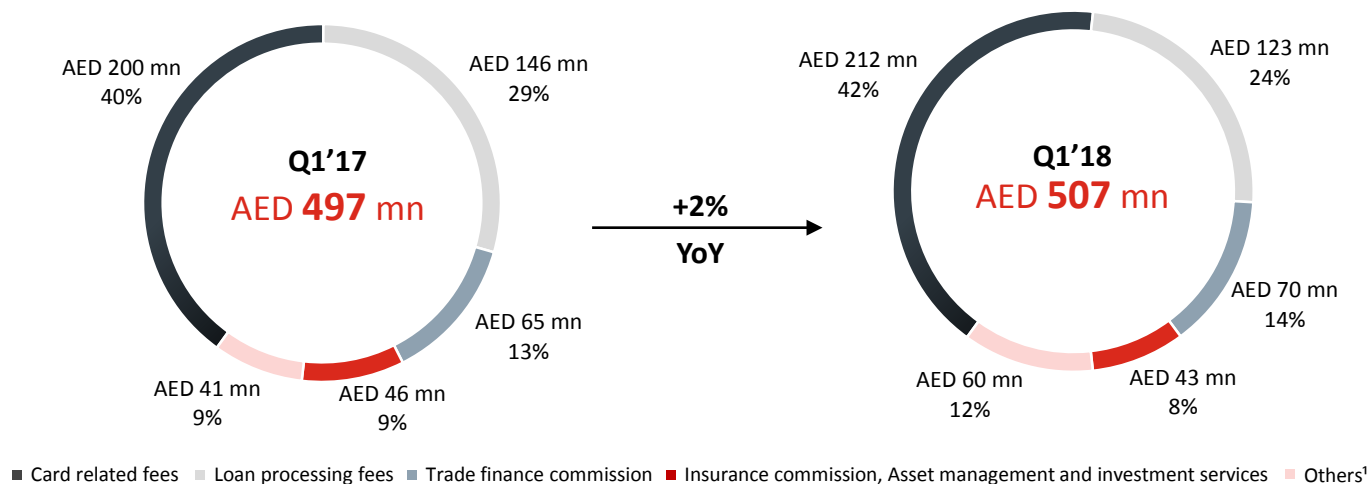
Highlights (Q1'18 vs. Q1'17)

- ▶ Gross fees and commission income of AED 507 million was up 2%, on account of higher card related and other fees
- ▶ Net fees and commission income declined 6% to AED 350 million, on account of:
 - Higher fees and commission expense, driven by the launch of the new Travel Card and the setup costs related to the new merchant acquiring business
 - Lower volumes as a result of de-risking of the unsecured Consumer loan portfolio
- ▶ Trading income declined 21% to AED 131 million, due to lower FX income against a strong prior year, which benefited from opportunistic trades

Non-interest income



Gross fees and commission income



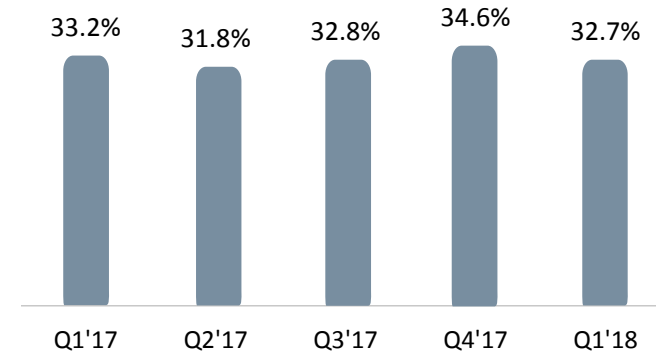
¹ Others include brokerage, fees from accounts related activities and other fees

Disciplined cost management and increased revenues resulting in an improved C:I ratio

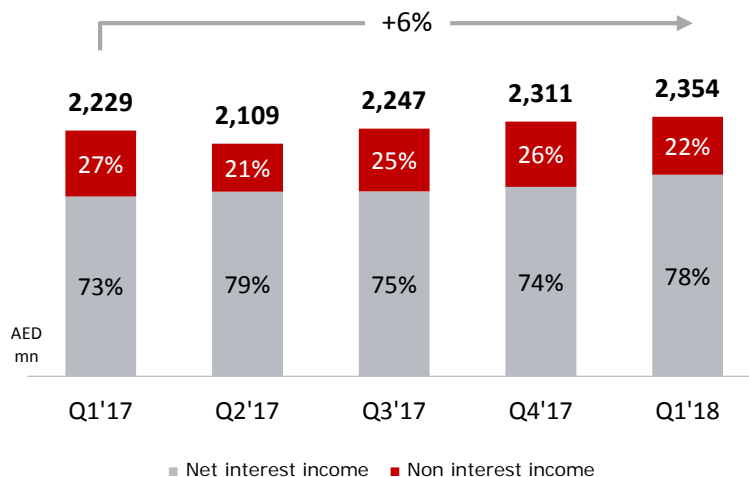
Highlights (Q1'18 vs. Q1'17)

- ▶ Operating income increased 6% to AED 2,354 million and operating expenses increased 4% to AED 770 million, resulting in an improved cost to income ratio of 32.7% compared to 33.2% in Q1'17
- ▶ Increase in operating expenses was mainly account of higher staff costs and ongoing investments in our businesses to accelerate the Bank's digital transformation

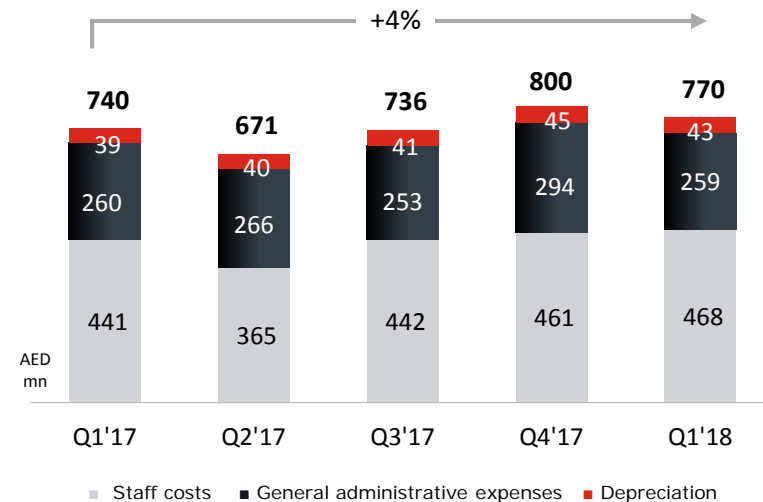
Cost to income ratio



Operating income

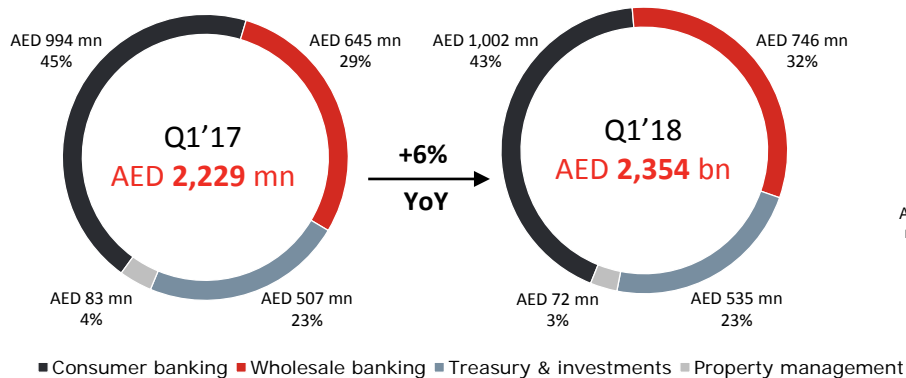


Operating expenses

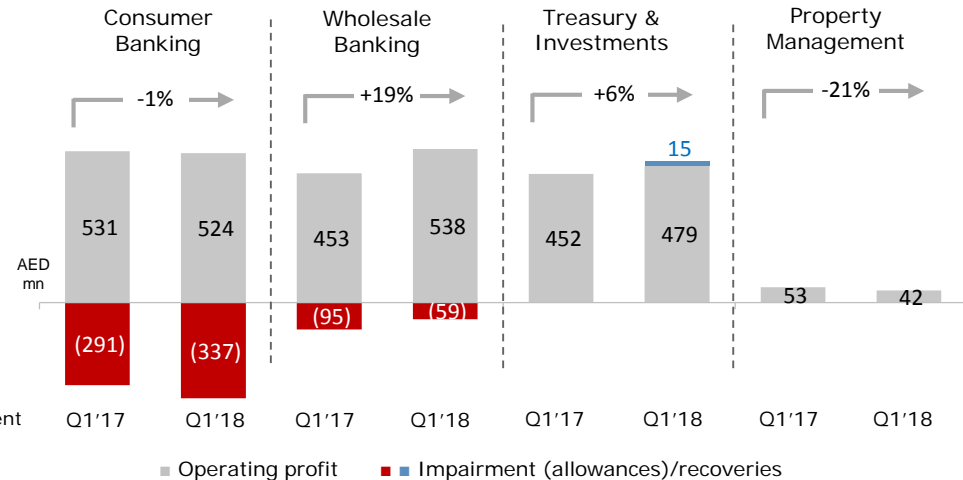


Strong underlying performance by each business segment

Percentage contribution to operating income



Operating profit and impairment allowances by business segment



Consumer Banking

- Covers full range of Retail, high net worth individuals and their businesses, Islamic and Private Banking product suite, including Asset Management services and offshore banking
- Full range of credit and debit cards, including merchant acquiring services and co-branded cards with Etihad Airways and Lulu - one of the largest supermarkets chains in UAE

Wholesale Banking

- Serves SMEs, mid-corporates, large corporations, financial institutions, public enterprises and government institutions
- Award winning world class cash management services and solutions
- Strong digital online transaction banking platform

Treasury and Investments

- Manages liquidity and financial market transactions with counterparties including central banks and sovereign wealth funds
- Covers money market, FX, interest rates, currency, commodity derivatives and asset & liability management

Property Management

- Comprises property management and engineering services through subsidiaries Abu Dhabi Commercial Proprieties and Abu Dhabi Commercial Engineering Services
- Management of investment properties and ADCB rental income

Highlights (2017 VS. 2016)

- Operating income for Consumer Banking was AED 1,002 billion and comprised 43% of the Bank's operating income
- Operating income for Wholesale Banking was AED 746 million and comprised 32% of the Bank's operating income, whilst Treasury & Investments operating income of AED 535 million, comprised 23% of the Bank's operating income

Q1'18 Financial results – Key takeaways

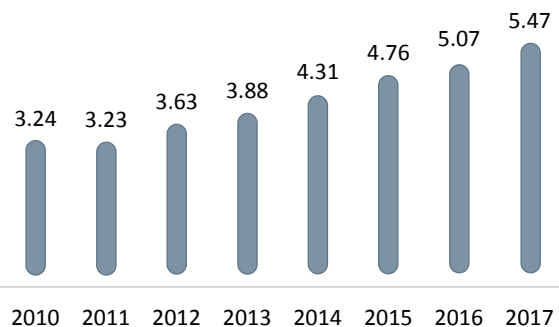
A good quarter with stable key indicators

- ▶ YTD Net loans -0.3% and customer deposits +2.3% vs. industry wide net loans +1.05% and deposits +2.2%
- ▶ CASA/total customer deposits maintained at 43.6% of total customer deposits (Dec'17: 43.4%)
- ▶ CAR of 17.48% and common equity tier 1 (CET1) ratio of 12.37%
- ▶ Net profit of AED 1.207 billion, +9% YoY and ROE of 16.8%
- ▶ Operating income of AED 2.354 billion, +6% YoY, strong growth in net interest income, +12% YoY, NIM at 3.19%
- ▶ Non-interest income of AED 526 million, -12% YoY, mainly on account of lower trading income and net fees and commission income
- ▶ Cost to income ratio improved to 32.7% vs. 33.2% in Q1'17
- ▶ Cost of risk improved to 0.71% vs. 0.78% in Q1'17

Our journey

Our journey: Strong financial performance, delivering long term value for shareholders

Book value per share (AED)

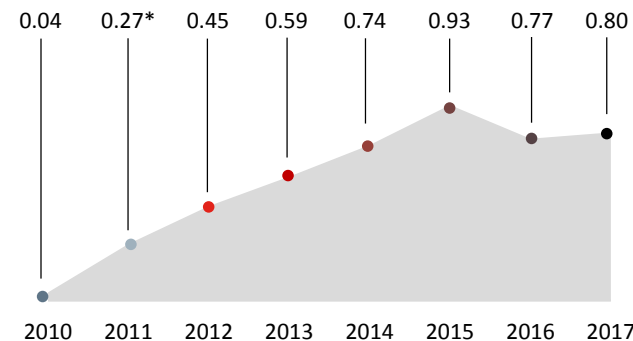


Total shareholder return (%)

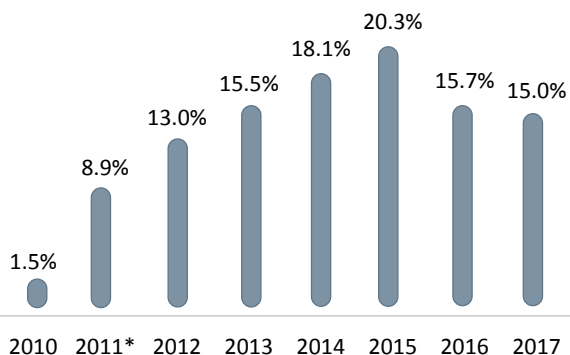
	ADCB	ADX	ADBF
5 Year	183%	115%	104%
7 Year	339%	126%	161%

Source: Bloomberg: ADCB, ADX: Abu Dhabi Exchange, ADBF: Banking Index
As at 31 December 2017

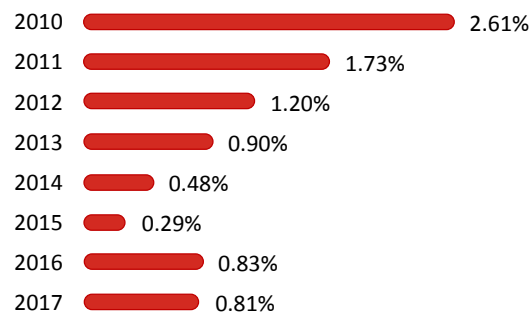
Basic earnings per share (AED)



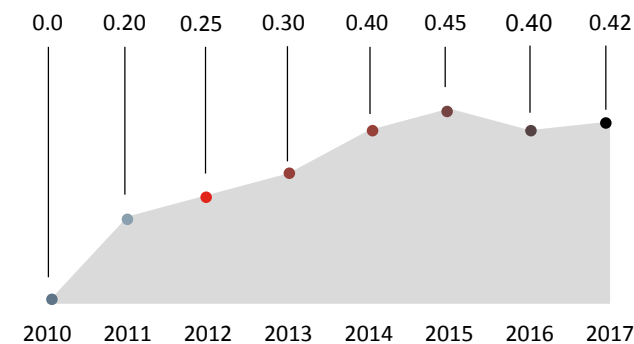
Return on average equity (%)



Cost of risk (%)



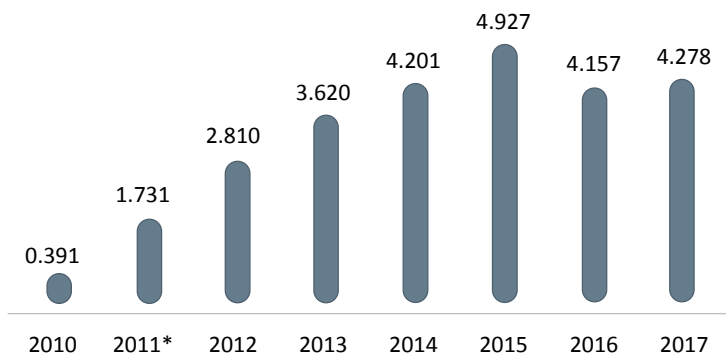
Dividend per share (AED)



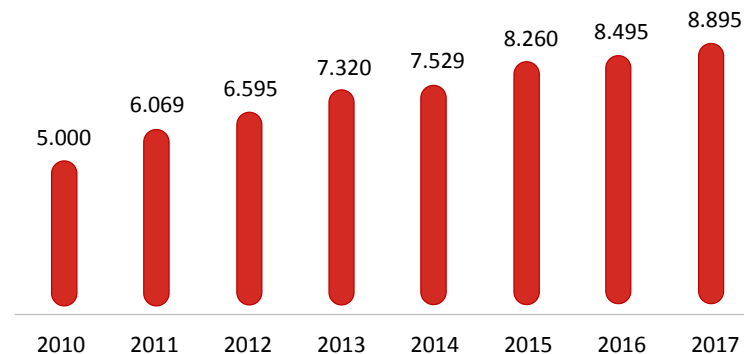
* Normalised to reflect sale of investment in associate

Our journey: Building on a proven strategy, delivering measured and profitable growth

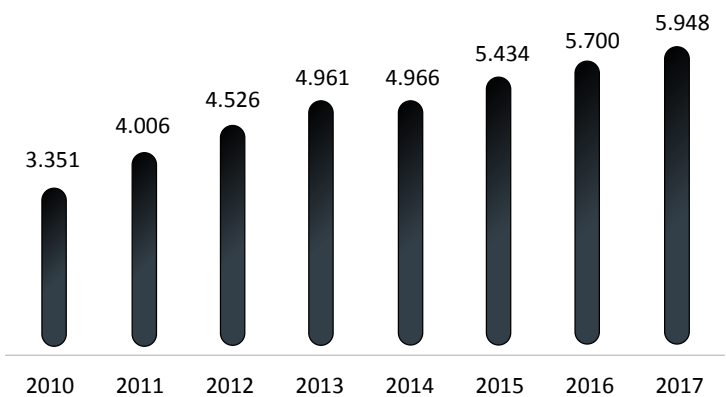
Net profit (AED billion)



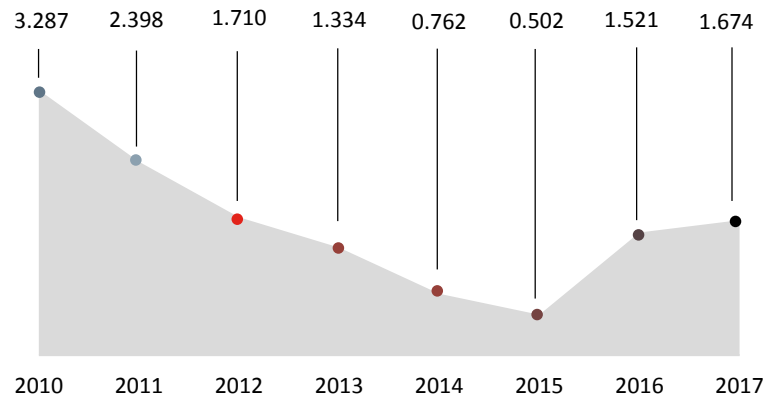
Operating income (AED billion)



Operating profit (AED billion)



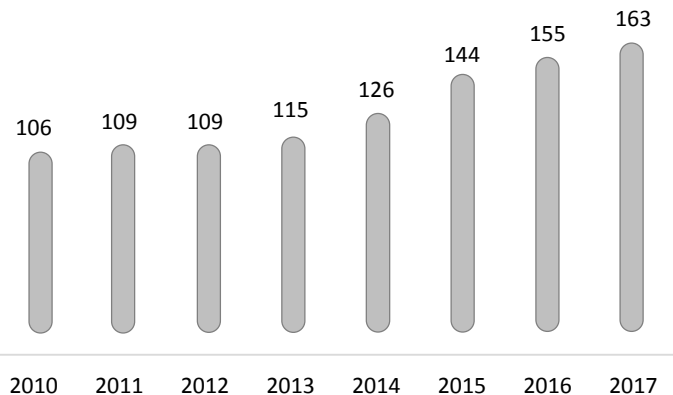
Impairment allowance charge (AED billion)



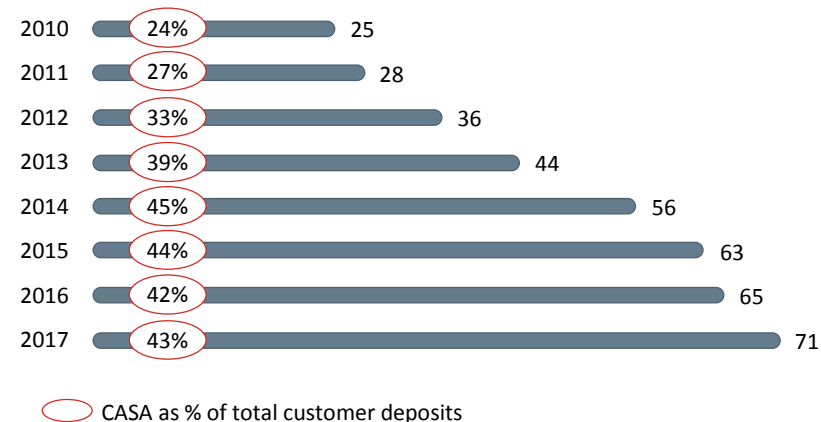
* Normalised to reflect sale of investment in associate

Our journey: Strong deposit gathering franchise, focus on growing CASA deposits

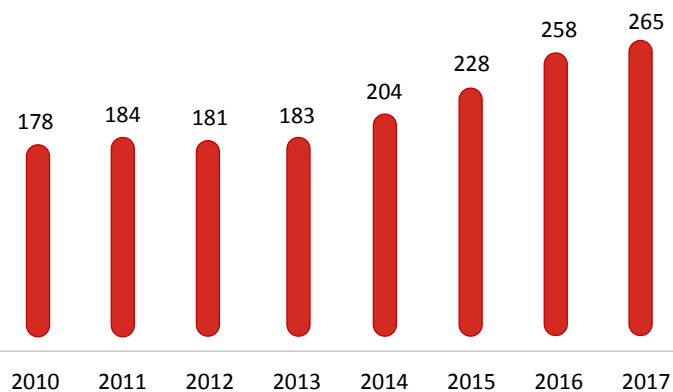
Customer deposits (AED billion)



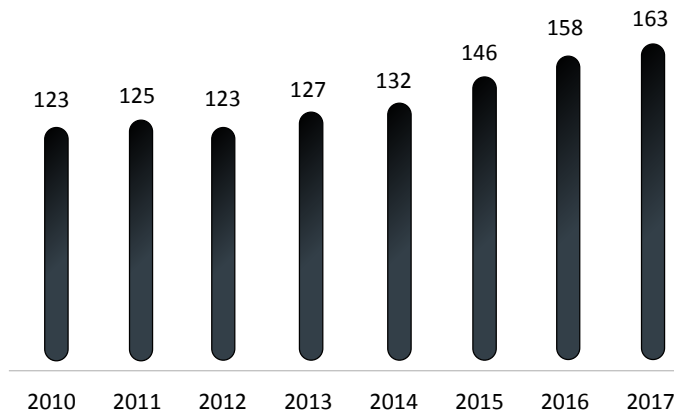
CASA deposits (AED billion)



Total assets (AED billion)



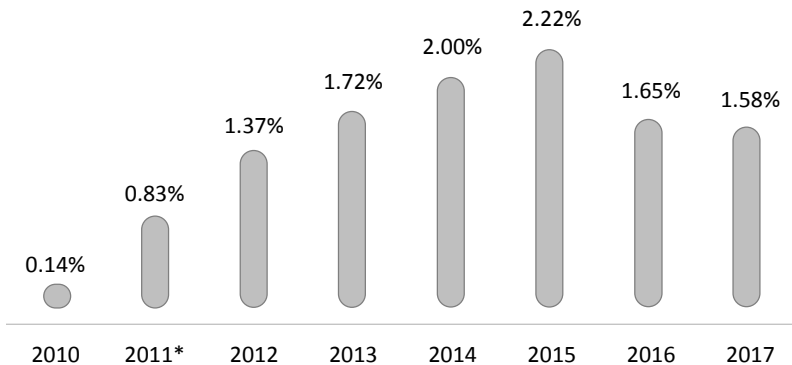
Net loans and advances* (AED billion)



*In June 2016, loans and advances to banks have been reclassified to "Deposits and balances due from banks, net" to better reflect the underlying nature of the business of the borrowers. Accordingly, net loans in 2015 were reclassified to conform to current period's presentation

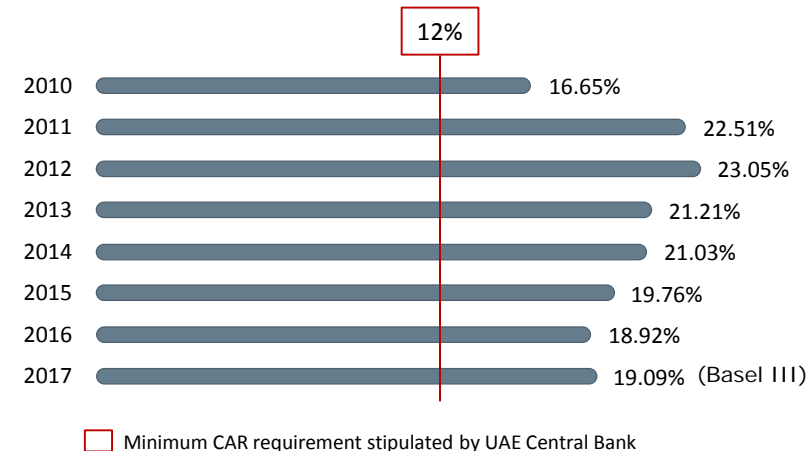
Our journey: Robust capital position, disciplined cost management

Return on average assets (%)

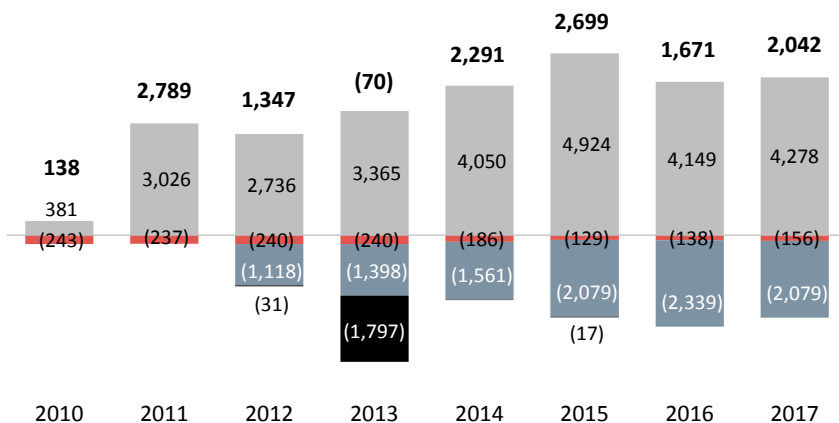


* Normalised to reflect sale of investment in associate

Capital adequacy ratio (%) Basel II

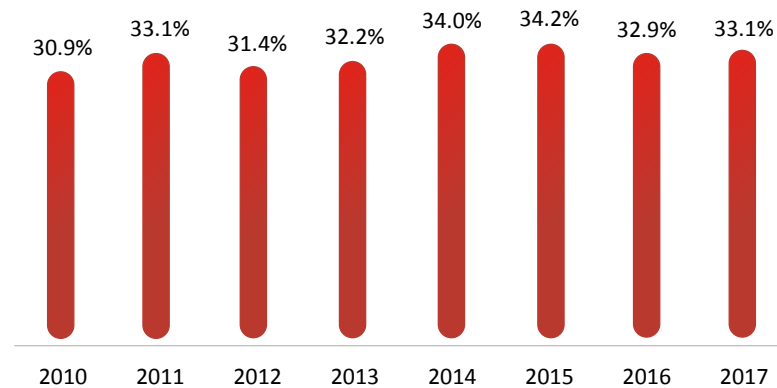


Capital generation (AED million)



■ Share buy back
■ Dividends paid
■ Capital notes coupon paid
■ Net profit attributable to equity holders of the Bank

Cost to income ratio (%)



Appendix

Recognised as a regional leader in corporate governance

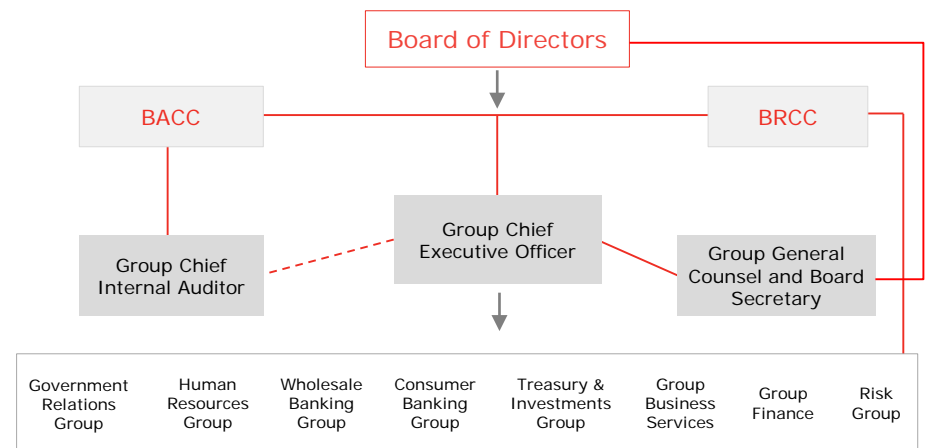
Highlights

- ▶ Adhere to the highest standards of corporate governance, reflecting local and international best practices
- ▶ Continuously enhance and improve governance principles and framework; emphasising transparency, integrity, accountability and fairness
- ▶ Governance structure headed by the Board
- ▶ Number of Board committees and management committees oversee and monitor day to day activities of the Bank
- ▶ Reporting lines are an important part of governance structure:
 - **Group Chief Risk Officer** is independent and reports to the Board Risk & Credit Committee (BRCC)
 - **Group Chief Internal Auditor** is independent and reports to the Board Audit & Compliance Committee
 - **Group General Counsel and Board Secretary** is independent and has a dual reporting line to the Board and the CEO
- ▶ In 2013, Sir Gerry Grimstone was appointed as an independent Adviser to Board of Directors – Chairman of Standard Life and Deputy Chairman of Barclays, to bring an independent perspective to the Bank's governance
- ▶ Aysha Al Hallami, first woman appointed to the Bank's Board of Directors in 2013, in line with international practices and the Bank's efforts to promote greater diversity at Board level

Corporate governance structure



Structure and composition



Effective risk management is fundamental to our core strategy

Our risk appetite is approved by the Board

Highlights

Credit Risk

- ▶ Monitor concentrations on a continuous basis by customer group, industry, geography and by credit profile
- ▶ Our discipline credit process resulted in:
 - NPL and provision coverage ratios were 2.2% and 179.7% respectively as at 31 March 2018
 - In 2017, the 20 largest customer exposures constituted 34.85% of gross loans compared to 35.38% in 2016

Liquidity and Funding Risk

- ▶ Manage LCR at levels higher than mandated by the Basel Committee
- ▶ As at 31 March 2018, LCR was 141% compared to UAE CB minimum requirement of 90% (2017 LCR: 135% compared to UAE CB requirement of 80%, 2016 LCR: 129% compared to UAE CB requirement of 70%)
- ▶ Funding remains diversified, raised through both retail and wholesale operations. Strive to maintain a large portion of funding as sticky deposits
- ▶ Treasury Department ensures access to diverse sources of funding, including long-term funding such as debt securities and subordinated liabilities

Capital Risk

- ▶ At 17.48%, capital adequacy ratio remains strong and above UAE Central Bank hurdle rate
- ▶ Manage capital adequacy and the use of regulatory capital on a regular basis, employing techniques based on the guidelines developed by the Basel Committee and the CB of the UAE

Regulatory Risk

- ▶ Regulatory compliance is closely monitored by the Risk and Audit areas, under the oversight of Board-level committees
- ▶ No material incidents of regulatory non-compliance

Awards

Q1'18 Awards

"Best Cash Management Bank in the Middle East"

Global Finance

"Best Cash Management Bank in the U.A.E"

Global Finance

"Best affinity Card in Middle East & North Africa "

MasterCard Leadership Forum

Ranked the 2nd in S&P/Hawkamah ESG Pan Arab Index for leadership in corporate sustainability

Hawkamah

2017 Awards

"Best Business Change or Transformation – Delivery of a Great Customer Experience Through Change" for Operational Excellence Framework 'SIMPLearn'

Gulf Customer Experience Awards

"Best Trade Finance Bank in The U.A.E"

Global Finance

"Five Star Cash Manager "

Euromoney

"Innovative Approach to Emiratisation to Deliver Exceptional Customer Experience" for Tamooha

Gulf Customer Experience Awards

"Best Contact Centre in the Region" for Contact Centre

Gulf Customer Experience Awards

"Best Supply Chain Finance Bank in the Middle East"

Global Finance

"Five Star Trade Finance provider in Middle East"

Euromoney

"Best Employee Engagement in Financial Services" for the Human Resources Team

Gulf Customer Experience Awards

"Best Insight and Feedback – Listening to Customers to Create an Impact" for Customer Experience and Research

Gulf Customer Experience Awards

"UAE Domestic Trade Finance Bank of the Year Award"

Asian Banking & Finance

"Best Bank for Transaction Services in the Middle East"

Euromoney Awards for Excellence

"3G CSR Award" in recognition of excellence in transparency, good governance and social responsibility

The Global Good Governance Awards (3G Awards)

"Mohammed Bin Rashid Al Maktoum Business Innovation Award"

"The Mohammed Bin Rashid Al Maktoum Business Innovation Awards"

"Debt Capital Markets in UAE" - Real Estate Survey 2017

Euromoney

"Outstanding Award for Business Innovation"

"The Mohammed Bin Rashid Al Maktoum Business Innovation Awards"

"The Best Annual Report Category in the Middle East"

The 9th Middle East Investor Relations Association (MEIRA) Awards

"Best Investor Relations Website in the Middle East"

The 9th Middle East Investor Relations Association (MEIRA) Awards

"APCP- Best Property Management Team - UAE 2017"

The Capital Finance International (CFI)

"Islamic Banker of the Year 2017 Award"

Global Islamic Finance Awards (GIFA)

"(Market Leader) in 2017" - Cash management

Euromoney

"Best Trade Bank in the Middle East"

Trade and Forfeiting Review (TFR)

"The Institute for Corporate Governance"

Hawkamah

"Women in Leadership Achievement Award" under the category of best DNI (Diversity and Inclusion Initiative) for its Tamooha

The 19th Global Women in Leadership Economic Forum

Balance sheet

	March'18	Dec'17	Change%
Cash and balances with central banks, net	18,739	19,997	(6)
Deposits and balances due from banks, net ¹	17,769	11,452	55
Reverse-repo placements, net	123	99	25
Investment securities ²	48,080	49,677	(3)
Loans and advances to customers, net	162,824	163,282	0
Other assets ³	19,115	20,496	(7)
Total assets	266,649	265,003	1
Due to banks	4,703	5,177	(9)
Deposits from customers	166,881	163,078	2
Euro commercial paper	3,108	2,910	7
Borrowings	41,542	40,555	2
Other liabilities ⁴	20,703	20,838	(1)
Total liabilities	236,937	232,558	2
Total equity	29,712	32,445	(8)
Total liabilities and equity	266,649	265,003	1

¹ Deposits and balances due from banks include AED 5.9 bn as at March 31, 2018 (AED 5.1 bn as at December 31, 2017) of loans to banks that were earlier reported under loans and advances to customers, net

² Includes trading securities

³ Other assets include derivative financial instruments, investment in associate, investment properties, property and equipment (net), intangible assets

⁴ Other liabilities include derivative financial instruments

Income statement

AED million	March'18	March'17	Change%
Interest income and income from Islamic financing	2,671	2,390	12
Interest expense and profit distribution	(843)	(759)	11
Net interest and Islamic financing income	1,828	1,631	12
Net fees and commission income	350	373	(6)
Net trading income	131	166	(21)
Other operating income	45	59	(24)
Non interest income	526	598	(12)
Operating income	2,354	2,229	6
Staff expenses	(468)	(441)	6
General administrative expenses	(259)	(260)	(0)
Depreciation	(43)	(39)	10
Operating expenses	(770)	(740)	4
Operating profit before impairment allowances & taxation	1,584	1,489	6
Impairment allowances	(380)	(386)	(2)
Share in profit of associate	3	3	NM
Overseas income tax expense	0	(1)	NM
Net profit	1,207	1,105	9
Attributed to:			
Equity holders of the Bank	1,207	1,105	9
Net Profit	1,207	1,105	9

Leading Through

AMBITION + DISCIPLINE



ADCB Investor Relations

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